

**Retention: September 30, 1999**

**TO: HEADS OF GOVERNMENT DEPARTMENTS, AGENCIES, AND OTHERS CONCERNED**

**SUBJECT: EXTENDED AUTHORITY TO LIQUIDATE OBLIGATIONS**

1. PURPOSE

This TFM bulletin provides instructions to agencies on how to notify Treasury of legal authority to liquidate obligations beyond the normal period of availability. Extended authority to liquidate obligations may be granted through specific legislation which allows the **obligated** balance for an annual year or multi-year account to remain on the books and available for disbursement purposes only for a specified number of years.

2. BACKGROUND

In accordance with 31 U.S.C. 1552 ('M' Account Legislation), accounts with fiscal year designations must be closed as of September 30th of the fifth fiscal year after the availability period to incur new obligations ends. However, some federal programs have a legitimate need to liquidate obligations over a longer period than 5 years. For example, construction projects dictate that loan funds should not be disbursed until various project stages are satisfactorily completed, and this may take 7-10 years or longer. Therefore, appropriate language must be cited in order to extend authority to liquidate obligations beyond the normal period of availability. According to OMB Circular A-11, such language should read similar to:

Provided, that such sums are to remain available through 19XX for the disbursement of loans obligated in fiscal year 19BY.

*Note:* After the original 5 fiscal year period of availability, only obligated balances may remain on the books for these accounts and any amounts deobligated would be canceled at the end of the fiscal year on the Yearend Closing Statement (FMS Form 2108). Thus, unobligated balances and upward adjustments are prohibited. **In order to extend the availability of unobligated balances, refer to the instructions in the Yearend Closing bulletin.**

3. PROCEDURAL CHANGE

Agencies with the proper authority to extend the authority to liquidate obligations beyond the 5 year limit must cite the prescribing legislation. The Finance Management Branch (see Inquiries) must be notified in writing of the specific legislation in order for the account to remain on Treasury's books. Agencies are required to certify the obligated balances and footnote the FMS Form 2108, citing the appropriate law and date of approval.

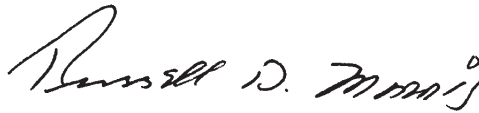
4. EFFECTIVE DATE

October 1, 1997.

5. INQUIRIES

Inquiries relating to the extended authority to liquidate obligations should be directed to:

Finance Management Branch  
Funds Management Division  
Financial Management Service  
Department of the Treasury  
3700 East-West Highway, Room 6F06  
Hyattsville, MD 20782  
(Telephone: 202-874-9950)

A handwritten signature in black ink, appearing to read "Russell D. Morris". The signature is fluid and cursive, with the first name "Russell" being the most prominent part.

Date: October 29, 1997

Russell D. Morris  
Commissioner